

Message Text

LIMITED OFFICIAL USE

PAGE 01 ACCRA 07942 291604Z

41

ACTION AF-08

INFO OCT-01 ISO-00 AID-05 EB-07 IGA-02 L-03 SP-02 CIAE-00

INR-07 NSAE-00 OMB-01 TRSE-00 AGRE-00 /036 W

----- 008956

P R 291439Z OCT 76

FM AMEMBASSY ACCRA

TO SECSTATE WASHDC PRIORITY 5029

INFO AMEMBASSY ABIDJAN

LIMITED OFFICIAL USE ACCRA 7942

AID/W FOR AA/AFR; STATE FOR AF/W AND AMB. SMITH; ABIDJAN
FOR LINEHAN (ATTENDING FSI COURSE)

E.O. 11652: N/A

TAGS: EAID EINV GH

SUBJ: EJURA FARMS COLLEY LOAN

REF: A. STATE 263404, B. ACCRA 7690

1. SUMMARY: AID HAS UNTIL NOVEMBER 12 TO WITHDRAW DEFAULT NOTICE OR RISK BECOMING INVOLVED IN COURT CASE WHICH COULD BE MOST EMBARRASSING AND DAMAGING TO USG AND DETRIMENTAL TO U.S. POSITION AND PROGRAMS IN GHANA. END SUMMARY.

2. AFTER CAREFUL REVIEW OF GHANA COMPANY CODE WITH CORPORATE SECRETARY OF EJURA FARMS LTD. WE FIND AID HAS UNTIL NOV. 12 TO WITHDRAW DEFAULT NOTICE. MISSION STRONGLY URGES THAT NOTICE BE WITHDRAWN ASAP THEREBY PRECLUDING POLITICIALLY UNDESIRABLE AND EMBARRASSING SITUATION OF USG BECOMING INVOLVED IN BANKRUPTCY CASE IN GHANAIAN COURT OVER IMPORTANT NATIONAL GRAIN PRODUCTION UNIT WHEN GHANA IS EXPERIENCING SEVERE FOOD PRODUCTION PROBLEMS AND DEFICITS. IF DEFAULT NOTICE NOT WITHDRAWN BY NOV. 12 SHAREHOLDERS MUST BY THAT DATE APPROVE RESOLUTION TO PETITION COURT FOR LIQUIDATION BY NOV. 21 AS FIRM IS INSOLVENT. SHAREHOLDER VOTES CAN AND PROBABLY WILL BE TAKEN BY TELEGRAPHIC TRANSMISSION.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 ACCRA 07942 291604Z

3. FORMAL LETTER TO AID/W REQUESTING WITHDRAWAL HAS BEEN DRAFTED BY COMPANY SECRETARY ESSENTIALLY AS DESCRIBED REF B AND WILL BE TRANSMITTED AS SOON AS RECEIVED. PROSPECT AND CHANEX SHARES HAVE NOT YET BEEN TAKEN OVER BY NIB. BASED ON STATEMENTS AT BOARD MEETING ANY SUCH TRANSFER WOULD BE CONDITIONAL ON AID BOTH WITHDRAWING DEFAULT NOTICE AND REACHING AN AGREEMENT WITH NIB ON REORGANIZATION OF FARM OPERATIONS AND SETTLEMENT OF DEBT.

4. GOG HAS DECIDED AT HIGHEST LEVELS TO KEEP FARM GOING UNDER ALL CIRCUMSTANCES. REORGANIZATION OF FARM OPERATIONS AND FINDING NEW FINANCIAL VEHICLE WILL BE JUST ANOTHER STORMY EPISODE IN FARM'S HISTORY, BUT AN EPISODE WHICH GHANAIANS FEEL HAS BEEN BROUGHT ON BY AID AND HAS ALREADY AFFECTED OUR RELATIONSHIPS WITH NIB DESPITE MERITS AND LEGALITY OF OUR POSITION. POINT WE WISH EMPHASIZE AND ONE THAT MUST BE FOCUSED UPON IS THAT IN PRESENT CIRCUMSTANCES AND WITH CLOCK RUNNING TOWARD NOV.21 DEADLINE, WE HAVE BUT LITTLE LEVERAGE TO EXERT TO ACHIEVE OUR GOALS OF ASSISTING IN FARM REORGANIZATION IN A MANNER THAT WILL LEAVE IT FINANCIALLY VIABLE, WILL ALLOW RURAL POOR TO BENEFIT DIRECTLY FROM REORGANIZED OPERATION AND WILL ALLOW MISSION USE OF HOUSING AND OTHER FACILITIES FOR SMALL FARMERS RESEARCH STATION AND OTHER RURAL DEVELOPMENT ACTIVITIES FOR NEW PROJECTS BEING ORGANIZED. AID/W MAY CONSIDER WITHDRAWING DEFAULT NOTICE SUBJECT TO CONDITIONS REFLECTING INTER ALIA MISSION'S PROGRAMMING INTERESTS AND NEW POSSIBILITIES FOR IMPLEMENTING EFFECTIVELY AID'S MANDATE OF REACHING RURAL POOR. IF WE DO NOT WITHDRAW DEFAULT NOTICE AND LET EVENTS RUN THEIR COURSE TOWARD LIQUIDATION/REORGANIZATION, GOG MAY WELL DECIDE TO ALLOW A REORGANIZED CORPORATE FARM CONTINUE WHAT WE FEEL ARE TECHNICALLY UNFEASIBLE AND SOCIALLY UNDESIRABLE FARMING OPERATIONS COMPLETELY DIVORCED FROM ANY LEVERAGE OR INFLUENCE AID MIGHT BRING TO BEAR. HOWEVER, IF AID AND NIB ARE ALLOWED TO NEGOTIATE DEBT SETTLEMENT, REORGANIZATION AND NEW FINANCIAL MECHANISM FREE FROM TIME PRESSURE, A FINANCIALLY EQUITABLE AND DEVELOPMENTALLY ACCEPTABLE ARRANGEMENT MIGHT BE REACHED.

5. EJURA IS BY FAR LARGEST FOOD FARM IN COUNTRY, AND LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 ACCRA 07942 291604Z

HIGHLY VISIBLE. POLITICAL IMPLICATIONS OF USG PURSUING DEFAULT PROCEDURE ARE SERIOUS, IN VIEW OF MAJOR GOG COMMITMENT TO "OPERATION FEED YOURSELF" (OFY) AND HIGHLY SENSITIVE NATURE OF ANY PUBLIC ADMISION THAT OFY LESS THAN TOTALLY SUCCESSFUL. THIS LIKELY TO IMPEL GOG TO SEEK SCAPEGOATS, AN IDEA WHICH AT LEAST SOME MEDIA ELEMENTS WILL IMPLEMENT WITH ALACRITY. IT COULD READILY BE MADE TO APPEAR TO CONFIRM RECENT "GHANAIAN TIMES" SERIES OF

EDITORIALS BY IMPLICATION BLAMING CIA FOR SOME CROP
FAILURES (BEING REPORTED USINFO CHANNEL). WITH
IMMINENT ARRIVAL OF NEW AMBASSADOR, THIS ONE OF WORST
POSSIBLE TIMES TO HAVE MAJOR PRESS PLAY ABOUT USG
"SABOTAGING" OFY BY MAKING OPERATION OF EJURA IMPOSSIBLE,
"TAKING FOOD OUT OF CHILDREN'S MOUTHS," ETC.

6. WILL ADVISE ANY SUBSEQUENT DEVELOPMENTS. IN MEANTIME
MISSION AGAIN STRONGLY URGES THAT DEFAULT NOTICE BE
WITHDRAWN AND TEAM BE SENT TO GHANA TO ASSIST NIB AND
MISSION TO NEGOTIATE NEW FINANCIAL AND OPERATIONAL
ORGANIZATION.
GRANER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGRICULTURAL DEVELOPMENT, LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 29 OCT 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976ACCRA07942
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760404-0438
From: ACCRA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t1976107/aaaaaeyn.tel
Line Count: 128
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 STATE 263404, 76 ACCRA 7690
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 18 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18 MAR 2004 by GarlanWA>; APPROVED <12 OCT 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EJURA FARMS COLLEY LOAN
TAGS: EAID, EINV, GH, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006